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**FISCAL IMPACT STATEMENT**

**LS 7473**

**BILL NUMBER: SB 477**

**NOTE PREPARED:** Jan 11, 2009

**BILL AMENDED:**

**SUBJECT:** Department of Workforce Development Collections.

**FIRST AUTHOR:** Sen. Kruse

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:**    **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill authorizes the Department of Workforce Development (DWD) or its agent to collect delinquent unemployment insurance assessments and benefit overpayments after filing a judgment lien for the amount due. It authorizes collection of a judgment lien by taking any of the following actions:

1. Levy upon property held by a financial institution.
2. Garnishment.
3. Levy and sale of real or personal property.
4. Use of a data match system with financial institutions.

The bill provides that officers and members of corporate, partnership, or limited liability company entities are personally liable for the payment of their employer's delinquent assessments. It authorizes the DWD to employ special counsel or contract with a collection agency and to set the fee that the counsel or agency receives. The bill also adds collection fees to the judgment lien amount.

The bill lengthens from one to three years the time in which the DWD may begin a collection action against an officer or director of a corporation effecting a dissolution, liquidation, or withdrawal.

The bill establishes civil penalties that may be assessed against a financial institution that fails to provide information required for a data match system. It provides immunity for a person or entity taking an action in good faith to collect unemployment insurance assessments or benefit overpayments unless the action is contrary to the DWD's direction to the person or entity.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** The bill should increase revenue for the Unemployment Insurance Fund. The amount of the increase would depend on the collection of delinquent unemployment insurance assessments.

**Background:** The fund paid \$785.8 M in benefits and received revenue of \$582.1 M in FY 2008. At the end of October the balance in the fund was about \$57 M. As of December 31, 2008, the state had borrowed about \$145.1 M from the federal government to pay unemployment insurance benefits.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** DWD.

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Chuck Mayfield, 317-232-4825.